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British Unemployment and the World Depression

By Henry Clay

I

THE most serious feature of the unemployment from which this country has suffered since the war is its persistence. The average percentage of the insured population unemployed in the years 1921–31 was just over 13, and even this is perhaps less serious than the fact that the percentage in no month fell below 8·6. Nevertheless, as everyone recognizes, there has been a change in the character of the problem in the last three years. Until 1930 excessive unemployment was confined to a few industries; since then all, practically, have been overtaken by the common misfortune. Before 1930 again the experience of this country was exceptional. Most other countries of similar type had enjoyed some years of prosperous activity since the world slump of 1921; only the United Kingdom found it necessary to devote a part —usually a large part—of every session of Parliament to discussing trade depression. Since the end of 1929, every industrial country has exhibited the same spectacle of falling prices, declining profits and mounting unemployment.

This change, as has been said, has been generally recognized. We distinguish the unemployment of the last three years as "cyclical" in character, in contrast with the unemployment of the antecedent years which was "structural" in character. It is a convenience to use these terms; but they should not lead us to suppose that the things themselves are quite so distinct. "Cyclical" fluctuations are not uninfluenced

by "structural" changes; they do not arise from external natural causes like the tides or the seasons, and they have neither the regularity nor the uniformity that the words "cyclical" and "fluctuation" imply. A historian, by citing some new development on the eve of every boom and some untoward happening on the eve of every slump, could provide an explanation of trade cycles as plausible as some of the theories based on a correlation of very incomplete statistics of economic activity. It may be, therefore, that the elements that explain our own local problem may not have been without influence in bringing about the general world condition of depression.

The best indication of these elements is given by the unemployment insurance statistics. The years 1928 and 1929 were good years of employment by post-war standards; in other countries they were years of great industrial activity, and even in this country the Board of Trade Index of Production was 105·5 and 111·8 compared with 100 for 1924. Yet a group of industries, comprising about a third of the insured population, averaged 16·3 per cent. of unemployment in the two years, accounting for half of all recorded unemployment. Included in this group were coal-mining, the textile industries, and building and public works, each with about a million insured workers; iron, steel, marine engineering and shipbuilding, with about half a million; and docks, shipping and road transport with about the same number. These industries even in these "good" years had an unemployed population of 650,000.

It is not necessary to carry the analysis further in order to deduce the influences that account for this apparent excess of labour in a time of industrial activity. In the metal and shipbuilding group we see the influence of war-induced expansion, not only in this country but in the world as a whole, in excess of peace-time needs. The textile industries illustrate the handicap under which the export industries operate—a handicap partly of high and rigid costs, but much more of protectionist barriers round their former markets. Coal illustrates the same influence, but is also an example of an industry faced after the war with a reduced demand due to the technical development of alternatives. Shipping and docks reflect the contraction in the volume of world trade, coupled in the case of the former with over-production of shipping due again to nationalist economic policies. The excessive

unemployment in building, contracting, road transport and docks must be attributed largely to methods of engaging labour that attract and retain an excessive reserve of labour against temporary fluctuations.

Now these influences could be paralleled in the same industries in other countries that superficially were enjoying a trade boom. In the United States, for example, if the textile, bituminous coal, shipbuilding and shipping industries had been concentrated in a single State, as they are concentrated in the Valley of the Clyde or in Lancashire, that State would have presented a spectacle of depression even greater than that of the British districts named. In most countries for most of the time since 1920, coal-mining has been depressed, shipbuilding has been under-employed, the cotton industry has been working short time, iron and steel have been only intermittently prosperous. For the same influences—war-expansion, trade barriers, subsidized over-production—have operated to depress employment in the world as a whole as in this country. Where the United Kingdom was unfortunate was in the degree of its dependence on this limited group of the older large-scale industries. Although to a superficial observer the world outside Great Britain between 1923 or 1924 and 1929 might appear to be prosperous, much of the prosperity was uneven, ill-founded and precarious.

Two inferences may be drawn: first, that the unemployment which marked out this country before 1930 was due in large part to causes not peculiar to this country; and, second, that the world depression of 1930–32 had its roots in a dislocation of the world's economic balance that was observable before 1930, even if its effects were postponed and obscured by the more spectacular results of expanding industries in America and capital expenditure in Europe. British industry, being the oldest-established and the most dependent on world conditions, was the most sensitive to any disturbance of the balance of the world's affairs; and foreign observers, instead of looking down on British industry, might with advantage have looked into it, to see what were the forces accounting for its decline. They would not then have been taken so completely by surprise when depression overtook their own countries in 1930. We may reasonably refer the world depression to the same general cause as brought about the antecedent British unemployment; at least it is a clue worth

following up. The influences cited—over-expansion of particular industries during the war, uneconomic development of industries by tariffs, diversion and curtailment of trade by the same force, altered relations between costs in different countries by monetary inflation and subsequent stabilization, as well as technical developments the effects of which had been delayed by the war—can all be summarized under one general head, the disturbance by the war of the balance between different industries in the world's economy. The monetary disorders and price-falls, which among all post-war economic phenomena have attracted most attention, are only the most obvious example and cause of such disturbance.

A very slight experience of actual business is sufficient to bring home the ease with which the smooth running of industry (and therefore of employment) can be upset. Every business depends on a successful adjustment of costs to selling prices, of supplies to markets, of finance to capital requirements. Any change in any element of costs, any diversion of supplies or loss of markets, any large alteration in credit conditions, will make a readjustment necessary; and, unless the readjustment can be made, the ability of the firm to give employment will be impaired. For a large part of the world's industry the war brought disturbance into every one of these factors; the policy of Governments has been introducing large changes since; technical change and currents of fashion have had a greater influence than before the war. Private industry has great powers of adjusting itself to change, just because it can respond to the need of change without the lengthy and clumsy procedure of Governmental action; but there are limits to what it can do. Before the war its task was limited, because there was a rough equilibrium between the different branches of industry and agriculture, in each country and in the world as a whole, which permitted exchange to go on without more interruption than was represented by an average of 5 or 6 per cent. of unemployment. That equilibrium was destroyed by the war, and the world has not succeeded in recovering an equivalent balance since.

II

It was necessary to glance at the economic background of the present world-wide depression in order to set the recent movements in employment in their true perspective. If we

turn now to the increase in unemployment in the last three years, two features stand out: first, that the increase is proportionately much less in this country than in the other large industrialized countries; and second, that the extension of unemployment has not altered its distribution—every industry and district shows more unemployment than in 1929, but the most depressed then are still the most depressed to-day. It will be convenient to examine the change in two stages—the change to the autumn of 1931, when England went off the gold standard, and the change from autumn, 1931, to autumn, 1932.

The following table summarizes the change in employment conditions between 1929 and 1931.

Country	1929	1931
UNITED KINGDOM :—		
Percentage of insured unemployed	9·6 (June)	21·8 (June)
GERMANY :—		
No. of unemployed registered at Exchanges	1,251,452 (July)	4,358,153 (April)
Percentage of trade union members wholly unemployed	8·6 (July)	31·8 (April)
BELGIUM :—		
Percentage of unemployment fund members wholly unemployed ...	0·6 (July)	10·0 (May)
CZECHO-SLOVAKIA :—		
Percentage of trade union members unemployed	1·6 (July)	10·0 (Feb.)
ITALY :—		
No. of registered unemployed ...	201,868 (July)	670,353 (April)
POLAND :—		
No. of registered unemployed ...	98,749 (July)	330,200 (May)
SWEDEN :—		
Percentage of trade union members unemployed	6·5 (July)	17·2 (April)
CANADA :—		
Percentage of trade union members unemployed	3·0 (July)	14·9 (April)
U.S.A. :—		
Percentage of A. F. of L. union members unemployed	9·0 (July)	25·0 (May)

Based on evidence given by the Ministry of Labour to the Royal Commission on Unemployment Insurance, thirty-fourth day.

Exactly comparable indices for different countries are not to be had; but all the indices that are available show a pro-

portionate increase in other countries greater than in the United Kingdom. There are a number of factors that help to explain this divergent experience.

The easiest explanation is that British industry had reached such a low level by 1929 that it could not fall much further in the worst depression. If this means only that a large absolute increase will be a moderate proportionate increase, if you start with a large enough initial volume, it is true, but not very comforting; and compared with some countries—Holland, Belgium and France, for example—this is all that the favourable comparison does amount to. But compared with Germany and America, the comparison is really favourable; for in those countries the absolute volume of unemployment is undoubtedly much greater to-day, and bears a much higher proportion to the industrial population than in the United Kingdom.

It may fairly be inferred that some adjustment to the changed conditions of the post-war world was taking place in Great Britain between 1920 and 1929, even if it was inadequate to the needs of the situation. The insurance figures show a considerable shift from the more depressed industries and into the newer expanding industries, and probably understate the full amount of the change, because they are available in comparable form only from 1923. The following table gives the chief instances.

Percentage Change in Numbers recorded as belonging to Different Industries. July, 1923–July, 1929

	Decrease Per cent.		*Increase* Per cent.
National Government ...	31·6	Tram and Omnibus ...	46·8
Railway Service	25·0	Distributive Trades... ...	36·4
Shipbuilding	21·5	Public Works	34·0
Steel	12·3	Hotel, etc.	31·4
Dressmaking and Millinery ...	11·1	Motor Vehicles, etc. ...	29·5
Coal-mining	10·9	Road Transport	25·8
General Engineering	8·6	Local Government	22·1
Bread, Biscuits, etc.	8·0	Building	21·2
Woollen and Worsted ...	7·8	Printing, etc.	17·4

Only industries employing over 100,000 workpeople are included in this list; but, short as it is, it suffices to show that the change has been in the direction of a lesser dependence on exports and a greater dependence on services and industries

catering for the home market. This suggests a second explanation of the relatively favourable showing of the United Kingdom in the world slump; that demand in the home market has been better maintained, partly by various forms of public stimulus to industry, partly by the dole. The movement of employment since 1929 suggests that this explanation has some force. In the following table the numbers *employed* (not unemployed) in certain industries in 1929, 1930 and 1931 are compared; the numbers are reached by deducting from the numbers insured: (*a*) the numbers recorded as unemployed; (*b*) the numbers engaged in trade disputes; and (*c*) 3½ per cent. to allow for sickness.

Numbers Employed at July

	All Insured Industries	Building and Construction	Transport and Communication	Distributive Trades
1929	10,134,000	852,000	673,000	1,529,000
1930	9,896,000	822,000	653,000	1,556,000
1931	9,491,000	854,000	661,000	1,603,000

	Coal	Engineering	Wool	Shipbuilding	Iron and Steel
1929 ...	831,000	668,000	191,000	150,000	224,000
1930 ...	729,000	623,000	166,000	133,000	193,000
1931 ...	602,000	514,000	141,000	76,000	145,000

It will be noted that employment was maintained in the industries that depend upon activity in the home market; on the other hand, the industries that depend upon industrial re-equipment, export markets, and world trade accounted for the greater part of the whole contraction.

If the decline in employment in Britain after 1929 was less to any extent because the depression before 1929 had compelled some adjustment, it is possible that the contemporary prosperity of other countries obscured the need of similar adjustments, and deferred the attempt to effect them; so that once the momentum of the newer expanding industries was spent, the general collapse was greater than otherwise it would have been. The available indices of production suggest something of the sort :—

Indices of Production

	Year		2nd Quarter	
	1929	1931	1931	1932
United Kingdom (Board of Trade) ...	111·8	93·8	92·1	94·1
France (Statistique Générale)	111	99	103	75
Germany (Inst. für Konjuncturforschung)	102	69	69	58
U.S.A. (Federal Reserve Board)	106	72	77	54
Japan (Mitsubishi Econ. Bureau)	111	102	99	100

Experience has varied; but it would appear probable, for example, that the subsequent depression would have been less catastrophic if the United States had realized earlier that agriculture was not in a healthy condition, that the expansion of the automobile industry was excessive, and that costs in the construction industry were too high to permit continued activity; that in Germany a less extensive programme of industrial re-equipment and public works out of borrowed capital between 1926 and 1929, even if it had involved an earlier onset of depression, would have lessened the intensity of depression when it came; and that the borrowing countries generally would have been in better case to meet the difficulties of 1930–31 if they had dispensed with the artificial stimulus given to industrial activity by the import of borrowed capital. This country was not alone before 1930 in mistaking the signs of the times; if our Governments and others mistook the dislocation of British industry caused by the war for cyclical trade depression, the economic observers of other countries possibly allowed the transient effects of new technical developments and of large-scale borrowing to blind them to the depth and persistence of the dislocation caused by the war.

The other feature of the extended unemployment of the last three years that requires examining is the persistence of exceptional unemployment in a limited part of the field of British industry. The extension of severe unemployment to industries and areas hitherto unscathed has been accompanied by no lightening of the burden of the depressed areas; on the contrary, the increase in the industries of heavy unemployment before 1930 has been proportionately as great as in the rest of industry. The five groups we took to illustrate the distribution of unemployment in the "good" years 1928–29, still accounted in September, 1931, for half the total of unemployment, although that total had more than doubled in the interval.

Minor variations have occurred ; but in the main the effect of the world slump on British industry has been to submerge a wider area of industry but leave the pre-existing relations between different areas unchanged.

III

If we turn to the change in the last twelve months we are confronted with a picture that differs only in detail. The comparison with other countries is even more favourable ; the indices of industrial production given in the last table will serve to establish this, and the direct evidence of unemployment, where measures of it exist, offers further confirmation. The same broad distribution of unemployment persists ; the five groups, used for illustration before, still accounted at the end of September for a half of all unemployment. But there are changes in detail that are significant.

The chief changes are shown in the following table :—

Number and Proportions of Insured Workpeople Unemployed in Various Industries

	September, 1931		September, 1932	
	Number	%	Number	%
All Industries	2,880,546	100·0	2,925,065	100·0
Coal Mining	317,822	11·4	405,478	13·7
General Engineering ...	173,593	6·0	169,564	5·8
Shipbuilding...	113,787	3·9	116,222	3·9
Cotton	251,842	8·7	180,394	6·2
Building	180,343	6·3	246,384	8·4
Public Works	83,780	2·9	121,788	4·2
Distributive Trades ...	227,830	7·9	240,332	8·2

Apart from coal, the chief increases in unemployment are in building and public works (over 100,000) and the industries that tend to move with these (building materials, cement, furniture, etc.) ; and in local government and public utilities. The biggest decrease was in the textile industries (in cotton and wool together by over 100,000), and improvement occurred generally in the industries catering for the home consumers' demand—motor manufacture, hosiery, tailoring, dress and millinery, bread and biscuits, miscellaneous food industries, and hotels, and also, curiously enough, docks and shipping. It would appear that the home demand has been well main-

tained, and the export industries have received a stimulus of which, for some reason, coal has been unable to take advantage. The figures are consistent with an expansion of " private spending " and an extension of " public economy."

It must be remembered that these figures refer to the end of September; later figures showing the distribution of unemployment between industries are not available at the time of writing. The end of October figures for unemployment as a whole have been published. They show an improvement of 111,000 on the September figures; the improvement is, however, in the " temporarily stopped " category, the number of " wholly unemployed " having increased, and allowance must be made for seasonal improvement and for the settlement of the wage troubles in the cotton industry. Compared with a year earlier (October, 1931), unemployment was 31,000 worse; but to this figure must be added a number, which the *Ministry of Labour Gazette* until recently estimated at 170,000, to allow for unemployed persons who no longer register their unemployment owing to the changes in conditions of benefit introduced a year ago.

IV

The year which we have been reviewing is the year that has elapsed since the United Kingdom suspended the gold standard. The first effect of that change was a moderate rise in internal prices and a more than proportionate fall in the exchange value of the pound; a disproportion that has persisted. Both changes acted as a stimulus to industry; internal trade being illustrated by the improvement in employment in the industries working for the home market, exports, if we allow for the lag between the securing of orders and the export of the goods, by the following table :—

Exports of British Produce
(1930 = 100)

	Volume	Average Value
1931—1st quarter	78	93
2nd quarter	74	91
3rd quarter...	74	88
1932—1st quarter	77	84
2nd quarter	79	84
3rd quarter...	72	82

It will be noted, however, that sterling prices (not merely gold prices) for exports have been reduced to secure this expansion.

Unfortunately, as the table also shows, the advantages of depreciating one's currency are not permanent. Very quickly other countries followed Britain off the gold standard, among them countries with important competing industries like India and Japan. Other countries in the same position met the revival of British competition by reducing their costs. It was hoped at the end of last year that the stimulus given in the important British market might have the effect of starting a rise in prices in the world as a whole. It did not have that effect; on the contrary, it stimulated gold-standard countries to renewed efforts in price-cutting, and prices, both in sterling and in gold, have tended downwards. There was a recovery in America and the United Kingdom from June to September; but it was not sustained in October and it is impossible at the moment to decide whether prices are tending upwards or downwards.

Protection, which in the last year has been so extended as to constitute a revolution in the British fiscal system, has had an influence similar to that exerted by the depreciation of sterling. In some cases, the foreign exporter has preferred cutting his prices and paying the duty himself to losing his market, thus driving down still further gold prices; when this has not happened the effect has been to stimulate domestic production of the imported article and possibly to divert to other markets the foreign producer's competition. Ultimately it is hoped that the British producer will use the advantage of a sheltered market to reduce costs to a level at which exports can expand. There has not perhaps been time as yet for this reorganization, and other conditions are not propitious to an increase in exports.

The combined effects of exchange depreciation and protection are seen in a more favourable balance of trade, an increase in the proportion of the world's trade done by Britain, but a further contraction in the volume of the world's trade. Just as other countries were forced to follow Britain off the gold standard, so they have been forced to introduce embargoes, quotas, and special import duties to restrict imports as their exports declined. Where there were fears of the stability of a currency, the deterioration of the trading position threatened a

flight of capital; to forestall this and to prevent any worsening of the exchange position, it became necessary to impose restrictions on the payment of debts abroad. Thirty-five countries have imposed such restrictions; with the result that British exporters, who could sell at a profit at the prices they can now accept, are unable to undertake business offered them, because they will be unable to collect payment. These fresh obstacles to trade, with the fresh crop of subsidies, Government loans and credit guarantees that are the correlative of them, would probably have been raised even if British policy had undergone no change; but the depreciation of the pound and the partial closing of the British market make them inevitable.

On the other hand, the progressive curtailment of British exports by other countries' tariffs was one of the influences that forced Britain off the gold standard and that make any return difficult. The events of last year repeat the experience of the previous decade. The narrowly national policies of Governments acting independently have perpetuated the dislocation of the balance of the world's industries initially caused by the war. To-day the agricultural exporting countries are all in difficulties, because agricultural prices are so low, and their difficulties react upon the industrialized countries through reduced imports. But long before the present depression it was pointed out that the agricultural countries themselves, by their policy of excluding European manufactures while seeking to increase their agricultural exports to Europe, were forcing down agricultural prices to the level which the worker on the dole, whom their policy had put out of employment, could afford to pay. The countries that returned to gold on a level that under-valued their currencies dislocated the trade of their competitors; and their trade in turn has been dislocated when the latter were forced off the gold standard. Creditors have sought to collect their debts without regard to the difficulties which their own policies put in the way of payment. And to-day every country is seeking to restrict imports while expanding exports, a policy which can result only in forcing down world prices of export staples to levels even lower than those at present attained.

V

The other great change in the last year is the coming of cheap money. Bank rate was reduced to 3 per cent. in April and to 2 per cent. in June; Treasury bills were placed at an

average of 0·554 per cent. in September; the great Conversion operations have established new levels of long-term interest rates. And money is not only cheap but plentiful. The basis of credit has been increased, and the Clearing Bank deposits are now larger than at any time since 1920; so far as the supply of money is concerned, it is sufficient to sustain not only the price-level of 1928, but that of 1924 or even higher. The effect of this expansion of credit and lowering of interest rates must be to stimulate trade and industrial expansion. But they can have this effect only slowly, unless other conditions are such as to offer an incentive to new or expanded enterprise. That incentive would appear still to be absent or weak. As credit supplies have increased, the amount taken up by business has diminished. The proportion of Advances to Deposits, which was 54·4 per cent. in February, is now only 43 per cent.; the ratio of Current Accounts to Deposit Accounts has declined; Bank Clearings have fallen. Thus, although credit has been expanded and cheapened, prices have fallen, because there has not been the volume of spending necessary to sustain them. Industry still awaits the stimulus to renewed activity, although its gold costs are low, credit supplies are ample, and accumulated capital awaits investment.

VI

The purpose of this examination of unemployment is to distinguish and, so far as possible, explain tendencies, not to suggest remedies. I may be allowed perhaps, without attempting in any way to outline a policy, to suggest one or two conclusions. While the causes of the present depression are world-wide, there are one or two elements in it that can be attacked by purely national action, and, though subordinate elements, are of interest on that account.

The first is the problem of the depressed British industries, in which unemployment was concentrated before the world slump. Their relative position is unchanged; they still account for a disproportionate amount of all unemployment; the causes that explained their depression before 1930 are still operative. Both the Royal Commission on Unemployment Insurance and the Industrial Surveys conducted for the Board of Trade by the local universities in the depressed areas bring out a large element of redundant labour, rendered redundant by changes that are likely to persist. Everything that was said

before 1930 about the need of reorganizing these industries is still applicable. By some means their size must be reduced to accord with the reduced demand which is all they can now expect; and the extent to which contraction must be carried depends on the success with which reorganization reduces their costs relative to those of their overseas competitors. The depreciation of sterling afforded them temporary relief; but as we have seen it was only temporary. In shipbuilding alone so far has any organized attempt been made to make the necessary adjustment.

If the older large-scale industries—coal, cotton, wool, shipbuilding, iron and steel—can no longer afford the employment they gave in the past, British industry must expand in new directions. Such expansion is taking place all the time, but the rate is insufficient to provide compensation for the heavy decline of the older industries. The greatest handicap on this process is the taxation of the profits out of which expansion normally takes place. British industry in the main does not draw its capital for new developments from the London capital market, but from profits put back. The interception of these profits for the purpose of meeting current Government expenditure retards the development of alternative employment, tapping just those streams of savings that are most likely to afford additional employment on a permanent basis.

The other element that is susceptible of national treatment is the unemployment attributable to the curtailment of public expenditure on capital works. A half of the increase in unemployment in the last twelve months has been in the category of building and contractors' labour. These figures overstate the true increase, since the employed figure a year ago was swollen by the recent influx of large numbers of workers engaged on relief works. Nevertheless, the number of workers normally engaged in these industries and now unemployed is large, and it becomes larger when account is taken of the accessory unemployment in the building material and house-equipment industries. Connected with this is the large drop in employment given by local authorities and public utilities. If, as seems possible, the stimulus given to employment in the export industries is passing, this curtailment of demand in the constructional industries will lead to a growing total of unemployment.

It would appear to be reasonable to expand public employment, within the limits of what can be done without discouraging expansion elsewhere. Economists have pointed out that individual saving, if it is not accompanied by a corresponding expenditure on capital works, must cause unemployment, since it will reduce demand for the products of the industries working for the final consumer without any compensating increase in the demand for the products of the constructional and equipment industries; labour and equipment are left idle, while the money-claims that might have employed them stand unused at the credit of the savers in the banks. The question, therefore, is one of limits and practical possibilities. These can be indicated very summarily.

Since any increase in taxation during the present depression would check industry, any expansion of public works must be confined to capital works, which can properly be financed by loans. In the second place, the objects must be objects which the public authorities concerned would be expected in the ordinary course of their functioning to take up within the next few years; if the public authorities go outside their ordinary field, they are likely to dislocate employment already being given by other agencies, and their expenditure will not be economical. The plans for the new work must be ready, because improvised schemes of work are necessarily wasteful. Finally, the Government, in authorizing increased capital expenditure, should exact some guarantee that the increased volume of demand will not be exploited to raise prices, but utilized to reduce costs. The great defect of the housing subsidies was that they tended to raise the cost of houses, when the greatly increased volume should have made it possible to reduce the cost of building—just as the increase in motor car production has led to a reduction in the cost of cars. If this safeguard is not introduced, the stimulus to constructional work will be followed by a set-back later; the aim of increasing the volume of work done now should be so to reduce costs that the industries concerned will be able by reducing their prices to stimulate private demand when the artificial support of large public contracts is withdrawn.

It may appear that little can be done within such limits; but this is to overlook the important part that public authorities, normally in the ordinary course of their accepted duties, play in this field. What can be done should be done; there can be

no objection to a review by the Government departments and local authorities concerned of the schemes suspended or, though ready, not launched in the last year, and the immediate resumption of work on these so far as they fall within the limits indicated. Public authorities, normally and without any excursions into socialistic experiment, are much the largest customers of the building and construction industries. In the four years 1925–1928 the average expenditure by local authorities out of loans on capital works was £102,100,000; in the same years the Central Government's expenditure out of the Road Fund averaged £19,000,000 and under the Telegraph Acts £10,000,000. The Census of Production for the preceding year 1924 showed that the gross value of the whole output, public and private, of building and constructional work was £343,000,000, from which it may be estimated that public authorities normally account for well over a third. Contraction of public demand when private orders are falling off must cause unemployment and losses; and, if the work will be wanted some time, there seems no need for such contraction just now, when capital is cheap and costs lower than at any time in the last sixteen years.

HENRY CLAY.

The Sterling Exchange

WHILE the October break in sterling from \$3.45 to a low point of \$3.26 is now becoming ancient history, the episode is of some interest in illustrating the nature and limitations of such control of the gold-sterling exchanges as so far has taken place. This interest is enhanced by the fact that the October fall in the pound took many people by surprise.

It is best to begin by describing briefly the actual powers of control possessed by the British authorities, and the description is best limited to the events of the current calendar year. Until June 30th last, control could be exercised solely by the Bank of England, for the Treasury possessed no legal power either to raise money for the purpose of intervening in the foreign exchange market or to make any such intervention. The Bank of England possessed full powers in theory, but in practice its powers were limited in both directions. If intervention was needed in the direction of supporting sterling, the amount of foreign exchange it could sell in pursuance of that objective was clearly limited by the amount in its possession. In the converse case of checking too precipitate a rise in sterling, it clearly had to have regard to the amount of foreign exchange it could safely buy and hold as part of its assets against its note issue and deposits. There are obvious objections, for example, against too large a part of our fiduciary note issue being backed by foreign securities or balances.

Even within these practical limits, the Bank was able to intervene to a considerable extent, with a view to checking the improvement in sterling which occurred last spring. In addition to providing for the repayment of the second part of its own foreign credits and the first part of the Treasury's foreign credits—and to this extent its intervention served a most necessary purpose—it added considerably to its own holdings of foreign exchange. The exact extent of these additions is unknown, but some indication is given by the increase between the New Year and June 1st from £17·2 to £68·1 millions in the Issue Department's holdings of Other Securities. At the same time the fact that by the latter date £68·1 millions out of the total fiduciary note issue of £275 millions were notes backed by Other Securities had obvious dangers, for even a moderate depreciation in their value might involve the Bank in greater difficulties than it ought to be asked to assume. It is con-

ceivable that it was to mitigate this risk that in May last the Bank began not only to buy securities but also to buy gold.

This intervention was carried out in the national interest, and so it was only right that it should be conducted with national funds. With this purpose in view, the Exchange Equalization Account was constituted by the Finance Act of this year, and came legally into being on July 1st. The relevant clauses of the Finance Act brought the Exchange Equalization Account into being, and fixed its size at £150 millions of new money, plus £25 millions, representing the balance of the old Dollar Exchange Reserve. The Treasury was given power to borrow money for the purposes of the account, and the assets of the account could consist of gold, sterling, or foreign exchange in such proportions as might be thought desirable. Complete secrecy could be maintained as to the composition of the account and the operations based upon it. Any profits accruing from operations were added to the account, and if and when the account is wound up, the total funds then contained in it are to be applied to the redemption of public debt. A further point concerned gold purchases and sales by the Bank of England. Inasmuch as the Bank values its gold in its books at the standard price, corresponding to the par of exchange, it automatically incurs a loss every time it buys, and makes a profit every time it sells; for while sterling is below par, the market price of gold is above the standard price. The Finance Act provides that such profits and losses accrue to or are met out of the Exchange Equalization Account.

The revenue returns for June 30th showed that the Exchange Equalization Account had been promptly brought into existence, for the returns recorded an issue from the Exchequer to the Account of the full sum of £150 millions. To finance this issue extra Treasury bills were issued, for during the twelve days ended June 30th, the volume of Treasury bills outstanding was increased by £97·1 millions. There was also during the same period an increase of £35·4 millions in advances by Public Departments, and the inference here is that inasmuch as the Exchange Equalization Account did not immediately require the full amount of £150 millions it promptly re-lent some of its funds to the Exchequer.

It is also possible to trace how the Exchange Equalization Account took over the bulk of the Bank's foreign exchange holdings, and so assumed the duty of controlling the exchange,

for the Bank return of July 6th showed that other securities in the Issue Department had been reduced from £50·6 to £18·6 millions, that is to their previous level as shown by the Bank return of the previous January. To maintain the support to the fiduciary note issue at its fixed level of £275 millions, Government Securities amounting to £32·0 millions had to be transferred to the Issue Department. The presumption is that these consisted of Treasury bills issued by the Exchange Equalization Account to the Bank in exchange for its foreign Exchange holdings.

The institution of the Account coincided very closely with the turning-point of the dollar, which henceforward began to improve. Various factors can be adduced in explanation of that improvement.

(1) The completion of the withdrawal of the French dollar balances.

(2) The temporary improvement in American security prices, which for a few weeks attracted foreign capital to New York.

(3) Some restoration of confidence in the stability of American finances.

(4) The reduction in the British long-term rate of interest, set in motion by the War Loan Conversion Scheme. This has led to a certain transfer of long-term capital from British fixed-interest securities to American bonds.

(5) Seasonal purchases of dollars to finance the autumn crop movements accentuated this year by heavy shipments of cotton.

The combination of these factors brought the New York exchange down during July and early August from $3.60 to $3.48, but from then onwards to the middle of October the rate only moved between the limits of $3.50 and $3.45. During these weeks there was definite evidence that the Exchange Equalization Account was being used to keep the rate between these limits, pounds being sold whenever it showed a tendency to rise above $3.50, and foreign exchange being sold to keep the rate above $3.45. The primary object of these operations was to check speculation in sterling. So long as potential speculators knew that the control could intervene at any moment to upset their calculations, speculation in sterling was far too dangerous an operation to be worth while, and so speculation was in effect checked not so much by actual intervention, which in fact was very limited, as by the continual threat of intervention.

At the same time many of the factors enumerated above were at work during the whole of this period, while another cause of pressure upon sterling arose from exchange purchases by foreign holders of War Loan who by September 30th had

decided not to convert but to claim repayment and repatriate their money. Furthermore if the year be regarded as a whole, while our balance of payments will probably show a great improvement upon last year's adverse balance of £110 millions, the year will probably close with a deficit which, excluding gold movements, may be of the order of £30 millions; this deficit being mainly due to a likely further decline in our invisible exports. Finally by the middle of October the question of the resumption of War Debts payments on December 15th was beginning to obtrude itself, and with it the problem of acquiring the dollars needed to cover the payments, if they were made.

Thus the pressure upon the pound was gradually increasing in intensity, and looking backwards there is no doubt that the stability of the exchange during September and early October lulled traders and others who needed dollars into a false sense of security. It is easy to account for this erroneous belief, for the commercial world has hardly yet had time to get used to wide exchange fluctuations, or to remember that before the return to gold in 1925 movements of 30 or 40 cents were very common. Furthermore, the authorities never stated this year that they intended to peg the exchange at a definite rate. The most they allowed to be understood was that they intended to check speculative fluctuations and make speculation unprofitable. This is quite a different thing from seeking to arrest a natural movement in the exchange, due to major factors of the kind already described.

Be that as it may, many traders neglected to cover their exchange forward, and the result was that when the pound did break in October there was an immediate rush to buy forward exchange to cover needs right up to the end of the year. This intensified the demand for spot exchange (as sellers of forward exchange at once bought spot exchange to cover themselves) and so aggravated the fall in the rate. Speculators on the Continent at once seized their opportunity, and also took advantage of various exaggerated rumours arising out of the unemployed demonstrations in this country, and so speculative sales of sterling were superimposed as a further cause of pressure.

During the period of the fall, the control was concerned mainly with the task of regulating the decline so that it should be an orderly movement. By the end of October, however, the pressure had spent itself, and at times in early November the

control had to operate the other way so as to check a precipitate upward movement. Then came the publication on November 14th of the British and French War Debt notes to the United States, followed by the American reply. This increased the psychological pressure on sterling, which weakened to $3.16.

Now what are the lessons of these past few months? They may be enumerated tentatively as follows :—

(1) The Exchange Equalization Account was never intended to be used to peg the exchange, or to check major and natural fluctuations in the rate.

(2) Consequently there was no justification whatever for the attempts to deduce from the October break in sterling that the Account was near the end of its foreign exchange resources.

(3) Those engaged in international trade and other operations must realize that a movement of 20 cents or more in the New York exchange is under present conditions perfectly normal, and may occur at any moment. It is essential, therefore, that all foreign exchange commitments should be covered forward as soon as they arise.

(4) It should be recognized that any untoward events in this country are liable to be seriously exaggerated abroad, and that such exaggerated reports immediately stimulate exchange speculation and so react upon the pound. This is not only true of this country, for the dollar was equally injured by exaggerated reports of the "bonus march" upon Washington. This danger to the pound imposes a special responsibility upon all sections of the community.

(5) While it is essential to prevent unnecessary and speculative movements in the exchange, natural and major forces should be allowed to have free play at an early date, so as to prevent people from acquiring a false sense of security. It must be recognized, however, that it is not practicable to detect such natural forces when first they begin to make themselves felt, and that the main remedy is for traders themselves to be continually on their guard.

(6) Finally it must be recognized that it is neither possible nor desirable to define the natural level of sterling, and that there is no particular virtue or permanence in any given rate, even if it has remained in force for a considerable time.

Finance and Industry

(22) National Revenue and Expenditure (2)

WE come now to the second periodical Exchequer return, which deals with expenditure and with receipts and payments upon capital account. In passing, it may be noted that it would be more logical to include expenditure, which is a current item, in the first return with revenue, and to confine the second return to operations upon capital account.

Expenditure is sub-divided as follows :—

Ordinary Expenditure :—
- Interest and Management of National Debt.
- Payments to Northern Ireland Exchequer.
- Other Consolidated Fund Services.
- Supply Services—
  - Army, Navy and Air votes.
  - Civil and Revenue votes (excluding Post Office).

Self-Balancing Expenditure :—
- Post Office.
- Road Fund.

Sinking Fund.

Interest and management of National Debt consists of the gross interest payable before deduction of income tax, and also the remuneration paid to the Bank of England for its services. It includes interest payable upon external debt and also upon the Treasury bills, this last being represented by the difference between their prices of issue and repayment. National Savings Certificates require special treatment, for the interest on them is only paid on their encashment, which may occur at any date during their currency, at the option of the holder. In accordance with the provisions of Mr. Churchill's Finance Act, 1928, provision for debt interest and management includes a certain sum for interest on certificates encashed during each financial year, based upon the probable encashments for the year. If the actual encashments during the year fall short of this estimate, the money not required is diverted to the Sinking Fund, but if encashments exceed the estimate, the additional interest required is provided by borrowing outside the budget, and a special entry to that effect will on those occasions be found in that portion of the return dealing with capital payments. Its

description is " Interest on National Savings Certificates—paid in excess of the provision in the Permanent Debt Charge." The expectation is that in the long run such inequalities one way or the other will be evened out.

Supply Services comprise the various Government departments. The practice is for the Exchequer to issue to the Paymaster-General for the account of the various " votes " or principal classes of expenditure by each department such money as is required. If at any time the Paymaster-General has surplus funds in hand on any accounts for which he acts as banker, he re-lends them to the Exchequer as an " Advance from a Public Department," so as to obviate needless borrowing from the market by the Exchequer on Treasury bills, and equally to obviate the immobilization of funds. As the end of the financial year approaches, the issues to the Paymaster-General for the various departments are rigidly scrutinized, so as to ensure that the financial year closes with no department in the possession of more than the absolute minimum of funds. The Exchequer may not issue on account of a particular vote more than the actual supply authorized by Parliament for each year, and if the year closes before a department has spent all the money voted to it, it has to surrender the balance to the Exchequer, and not carry it forward to the following year.

Certain departments charge fees to the public for special services rendered, or sell surplus stores or other property on their own account, and so have other sources of income besides the money issued to them from the Exchequer. Such income is called an " Appropriation-in-Aid," and the result is that at the end of the year the department always returns gross and net expenditure, appropriations-in-aid representing the difference. In no case, however, may the gross expenditure under a particular vote exceed the size of that vote, and this means that any unexpected windfall under the heading " Appropriations-in-Aid " may not be used to increase the gross expenditure of the department, but must be surrendered to the Exchequer.

Money allocated to the Sinking Fund is paid out of the Exchequer to the authorities responsible for the redemption of debt. This money is used initially for the statutory repayment or purchase of various stocks in the market (with a view to their cancellation) in accordance with the terms of their original prospectuses, but any balance which remains forms the " Free

Sinking Fund," and is used for the purchase in the market of various Government stocks at the discretion of the authorities. The important point to notice is that money paid over to the Sinking Fund is immediately used for the redemption of debt. The actual purchase of stocks is carried out by the Government Broker.

We come now to operations upon Capital Account. First on the issue or payment side of the return come temporary advances by the Exchequer, acting under statute, to various Government funds, these being all specified in the returns, together with the relevant Acts of Parliament. To-day the chief of these is the Road Fund, and the entry represents money advanced pending the collection of the bulk of the motor vehicle licences at the New Year. As this licence money comes in, the advance will be repaid, and so this entry will be offset by a *per contra* entry in the returns under the heading " Temporary Advances Repaid."

Until the financial changes of last autumn, a big entry in the returns was the temporary advance to the Unemployment Insurance Fund (under the Unemployment Insurance Acts, 1920 to 1931). This represented the loan made by the Exchequer to meet the year's deficit between the Fund's normal revenue and expenditure.

The next issues or payments are " Issues to meet Capital Expenditure." These represent capital payments on public works, such as telegraphs and housing, which have been authorized by various Acts of Parliament from time to time.

Now both temporary advances (unless and until repaid) and capital expenditure have to be covered by Exchequer borrowing of one kind or another, for they are both expenses which fall outside the budget; and the way in which the Exchequer can borrow to meet them is governed strictly by Act of Parliament. The exact method of borrowing depends on the provisions of the various Acts by which the borrowing is authorized. In the case of capital expenditure, the governing Acts (e.g., the Post Office and Telegraph (Money) Acts) usually prescribe the issue either of terminable annuities or of Exchequer Bonds. In other cases, including the recent deficit on the Unemployment Insurance Fund, the Treasury have full discretion to borrow " by means of the issue of such securities as they think proper," which would include the issue of bonds or other form of loan, either to the public or privately, e.g., to

the National Debt Commissioners. This last is a very convenient method of borrowing when the conditions are not suitable for a public issue, and was used in the case of the recent borrowings for the Unemployment Insurance Fund. Any securities taken by the Commissioners are held by the funds which they administer, such as the Savings Bank Funds. Thus these expenditures are ultimately financed by loans from the Post Office and Trustee Savings Bank Funds, the Exchequer acting as a channel and the Exchequer also being the guarantor.

Next come entries on both sides of the return representing borrowings from the public and repayment of outstanding debt. On the receipt side of the return comes the cumulative total of all the Treasury bills and National Savings Certificates issued during the period, and also the proceeds of new Government loans such as last summer's 3 per cent. Treasury Bond issue. On the payment side comes the cumulative total of Treasury bills and National Savings Certificates and also the redemption of Government Loans such as maturing Treasury bonds and the 4 per cent. War Loan. Entries in respect of Treasury bills and Savings Certificates represent the "principal"—i.e., the original cash subscribed—in the case of both receipts and payments, for interest paid on maturity is, as already described, dealt with elsewhere. Special entries are made for the creation and repayment of foreign loans, such as last year's Treasury dollar and franc credits. The concluding entries in respect of borrowings and repayments represent Ways and Means Advances, the totals on each side again being cumulative. To a limited extent these represent borrowings from and repayments to the Bank of England, but the greater part of Ways and Means Advances comes from Government Departments. The guiding administrative principle is that if any department has spare funds at its disposal, it lends them to the Exchequer, which pays the money back as and when the department requires it. As stated, this obviates needless borrowing by the Exchequer and the wasteful immobilization of funds. As the entries under Treasury bills and Ways and Means Advances represent cumulative receipts and repayments, to arrive at the net change in the floating debt during the period covered by the returns it is necessary to take the difference between the two sides of the account.

Apart from the small balances held by the Exchequer at the Banks of England and Ireland, there are only two items still

to be considered. The first is the issue by the Exchequer, under section 24 of the Finance Act, 1932, of £150 millions to the Exchange Equalization Account. This is discussed in a previous article. The second entry consists of " Issues under 11 (4) and 17 (1) of the Finance (No. 2) Act, 1931." This represents the 1 per cent. bonus paid on War Loan Conversions before July 1st last, and, as provided in the Finance (No. 2) Act, 1931, has been covered by general borrowing. At the moment, therefore, this represents a payment outside the budget of the year, and uncovered by revenue.

This completes the survey of the Exchequer's returns. They are necessarily complicated, for they are governed by many Acts of Parliament. The points to remember are firstly, that they represent cash receipts and payments by the Exchequer; secondly, that many of these receipts and payments represent transactions with other Government departments and not with the public; thirdly, that certain expenditure falls outside the estimates and the budget; fourthly, that debt is created or repaid in several ways, including some in which the Exchequer only acts as a channel; and finally, that one great objective of the administration of the public finances is to avoid needless borrowing and the locking-up of surplus funds.

Notes of the Month

The Money Market.—Until the last week of November money remained very easy with ½ per cent. the ruling rate outside the clearing banks for both old and new loans. The supply of credit was mainly influenced by current Government financing. Thus at the end of October money became a little less plentiful and as a result the position had to be eased by some special buying of early December Treasury bills, but the following week the payment of the Funding Loan and 5 per cent. Conversion Loan dividends released about £15 millions of funds and made money very easy. Then came the new Conversion Loan issue, and the payment of the 5 per cent. application money upon the £300 millions issued took £15 millions off the market again. Meanwhile discount rates had been slowly rising, until on November 18th the week's Treasury bills were allotted at an average rate of 17*s.* 7·24*d.* per cent. compared with a rate of 13*s.* 7·36*d.* per cent. on October 21st. One cause of this upward trend lies in the increase in the number of Treasury bills outstanding, for on November 18th £60·0 millions of bills were offered, against £50·0 millions a month before and only £40 to £45 millions a week during August.

Money became definitely more stringent in the last week of the month. Rates of ¾ and 1 per cent. were charged for loans, and the Treasury bills on November 25th were issued at an average tender rate of £1 2*s.* 4·44*d.* per cent. Exchange uncertainties and the issue of Treasury bills in excess of maturities in readiness for the big payments due on December 1st were the probable explanation.

The Foreign Exchanges.—The broad factors underlying the recent course of sterling have been discussed at length on a previous page, and there is no need to recapitulate them. During November, sterling was mainly influenced by current views on the progress of the War Debts question. The publication of the British and French notes to the United States caused the pound to improve from \$3·29 to \$3·34 on November 14th, but the American reply, with its implication that the annuities due on December 15th could not be postponed, caused sterling to react to a new low level of \$3.15½. The other gold exchanges have naturally moved in sympathy. Among other movements, November witnessed a depreciation

in the yen. In Japan this is ascribed to speculation and covering of import commitments, but in other centres the main influence on the rate has been the publication of preliminary Japanese budget details pointing to a large deficit. Among Empire exchanges, Canadian dollars, after improving against sterling in October in sympathy with the New York rate, relapsed a few weeks ago against both sterling and American dollars. This decline probably marks the completion of the year's seasonal purchases of dollars. The Australian and New Zealand rates are unchanged, and the Australian rate for exchange (TT) on London is £125–£125 10*s*. Australian per £100 sterling, the two figures representing the banks' buying and selling rates respectively, while the New Zealand rate is £111 2*s*. 6*d*. per £100 sterling, this being the banks' selling rate for exchange (TT) on London. The banks' buying rate on South Africa (TT) has fallen from £70 to £67⅝ South African per £100 sterling.

The Stock Exchange.—The main event of the month has been the issue on November 3rd of the last Government Conversion Loan. This consisted of £300 millions of 3 per cent. 1948–1953 stock at a price of 97½. The yield varies from £3 3*s*. 4*d*. to £3 4*s*. 1*d*. per cent., according to the date of redemption, and may be contrasted with yields of about 4¼ per cent. obtainable upon Government stocks as recently as April last. Thus the Government have achieved a great success in their conversion operations of the past four months, which may now be regarded as complete. The new Conversion Loan was heavily subscribed, but subsequent events showed that a number of applicants had been allotted more of the loan than they could conveniently take up, and their efforts to find the funds needed to meet the call of 52½ per cent. due on December 1st led to a fair amount of selling in all sections of the Stock Exchange. As a result there has been a general decline in prices not only in Government Securities themselves, but in other issues, such as leading railway and industrial stocks, and the decline was seriously accentuated by the prevailing uncertainty regarding the War Debt position. Looking backwards over the past six months it is clear that the successful progress of the Government's conversion operations had forced the improvement in the price of gilt-edged stocks a little too quickly, so that a temporary reaction was only to be expected.

Overseas Trade.—The October trade returns are slightly better than those of previous months. Raw material imports were £11·9 millions, which is the highest figure since June, and also the same as that for October, 1931. Those for the first ten months of this year were only £4·4 millions below the comparable figure for 1931, which shows that during the past year we have lost no further ground. Exports of British manufactured goods in October were £22·7 millions. This again is the best figure since June, and is only £1·3 millions below the figure for October last year. Taking the first ten months of 1931 and 1932, exports of manufactured goods have declined from £245·0 to £229·5 millions. The chief decline is one of £8·7 millions in vehicles, of which £5·6 millions is accounted for by ships and £1·2 millions by locomotives. Cotton yarn and cloth exports have improved by £5·6 millions.

Description	Jan.–Oct. 1931	Jan.–Oct. 1932	Increase (+) or Decrease (—)
	£ mn.	£ mn.	£ mn.
Total Imports	702·0	581·0	—121·0
Retained Imports	648·5	538·3	—110.2
Raw Material Imports	139·6	135·2	— 4·4
Manufactured Goods Imports	215·1	131·8	— 83·3
Total Exports, British Goods	325·2	301·5	— 23·7
Coal Exports	28·8	26·3	— 2·5
Iron and Steel Exports	25·0	23·2	— 1·8
Cotton Exports	47·3	52·9	+ 5·6
British Manufactured Goods, Exports...	245·0	229·5	— 15·5
Re-Exports	53·5	42·7	— 10·8
Total Exports	378·7	344·2	— 34·5
Visible Trade Balance	—323·3	—236·8	+ 86·5

The adverse visible trade balance shows an improvement of £86·5 millions over last year. Even allowing for this year's probable contraction in invisible exports, it is clear that the year's balance of payments will be much less unfavourable in 1932 than in the preceding year.

Home Reports

The Industrial Situation

Reports from the industrial areas and such general indicators as the unemployment and overseas trade returns, bank acceptances and provincial bank clearings combine to show that some improvement in trade has occurred during the autumn, but it is an open question how long it is going to last. British commodity prices have become steadier since their set-back of early October, but this is partly due to the recent depreciation of sterling and partly to the effect on the general price-level of the rise in meat prices due to the present regulation of imports. Commodity prices expressed in gold currencies are still falling slowly, and there is an impression in several foreign countries, including the United States, that the very limited autumn improvement had reached its climax by the middle of October. It is true that in many British industries feeling is at the moment more hopeful, but even so confidence is tempered, especially in the heavy industries, by realization of the crushing burden of taxation and the absence of any prospect of its early reduction. In short, it is still doubtful if the recent improvement in business is not proving a temporary and spasmodic movement.

Agriculture

England and Wales.—Potatoes lifted towards the end of October were wet and dirty, but the rest of the crop has been harvested under good conditions with little disease prevalent. Though in some parts of the country autumn cultivation and sowing is a little backward, for the most part fair progress has been made. Winter keep supplies are expected to be sufficient. Cattle and sheep are looking well and milk yields have been maintained.

Scotland.—The potato crop has been secured in good condition, but while yields are up to expectation, prices are most disappointing. Sugar beet is turning out satisfactorily, but turnips are not so good. In the grain markets supplies are ample and prices lower. At the leading livestock markets trade has been firmer and quotations have risen somewhat.

Coal

Hull.—Export enquiry shows very little sign of expansion, and prices remain unchanged.

Newcastle-on-Tyne.—The Northumberland coal trade is very firm, most of the collieries being well sold ahead. Prices are, therefore, harder and any available coal is readily taken up. The Durham market remains quiet with prices at a minimum. Coke is better and gas coke very well booked up at advanced prices.

Sheffield.—Seasonal requirements have slightly improved trade, particularly in domestic and gas coal. Demand for industrial fuel shows some improvement as regards sales to the lighter trades. Bunkering remains quiet, but shipment business tends to expand.

Cardiff.—New business is as quiet as ever and most collieries are badly in need of orders for all classes of large coals, which are readily obtainable at minimum prices. Washed coals maintain a good market with prices above the minimum. The general demand for briquettes and cokes for export is dull, but the anthracite market is strong and well booked ahead. Forward business is quiet.

Newport.—There have been heavy declines in foreign shipments as compared with last year, chiefly owing to the suspension of shipments to Egypt and Italy and the curtailed shipments to the Irish Free State. Collieries report great difficulty in making sufficient sales to keep the pits working.

Swansea.—Best brands of anthracite remain firm, and there has been little price variation. Rubbly culm is in slow demand, and duffs are very quiet.

East of Scotland.—The market continues firm. Navigation coal is moving off as produced, while steams are being fully absorbed. Washed fuels are difficult to obtain, and prices are tending to advance further.

Glasgow.—The reduced production allocations for the final quarter of the year and the seasonal improvement in the home and shipping demand have produced an acute shortage of coal for export and a very strong market for large and small coals. Collieries are being pressed by exporters for supplies, and not only are some qualities practically unobtainable, but they are almost fully sold in certain cases until the end of the year. New business with foreign countries is very restricted,

partly owing to the scarcity of coal and partly to high prices and the reluctance of exporters to sell speculatively.

Iron and Steel

Birmingham.—English prices are more competitive, and there is a better tone.

Sheffield.—The improvement in certain branches of the steel trade has been well maintained. The output of open hearth steel has shown further progress and several firms are working overtime, producing special high speed and other alloy steels. The market for ferro-alloys used in steel making and demand for scrap show a welcome improvement.

Teeside.—The volume of business has expanded slightly and there is a definitely improved tone in the pig-iron trade. Enquiries have broadened, and though development is slow it is in the right direction; also a more encouraging view of the future is being taken and some forward transactions have been concluded. Pig-iron prices show no change, but production has been reduced owing to works alterations and stocks are likely to decline. The steel trade is still short of work. Structural steel is in fair demand, but the continued depression of the shipbuilding and heavy engineering trades is making orders for heavy steel very scarce.

Swansea.—The tinplate trade is now working at over 60 per cent. of capacity, but prices have weakened slightly, as works in possession of large stocks of cheap foreign bars have restarted and are forcing sales. These foreign stocks cannot be replaced, as prices for foreign and Welsh bars are now the same. Demand for tinplates is fairly well maintained.

Glasgow.—There is not much evidence of improvement in demand, but it is expected to broaden out before long in spite of the heavy stocks of foreign material in Britain. These hopes are based on the further depreciation of sterling and the recent Continental price advances, for, as a result of these factors, British manufacturers are now beginning to have the advantage in the home market. In the meantime, only makers of light sheets are well employed.

Engineering

Birmingham.—Constructional engineers are only moderately well employed. The motor industry is making slow progress. The electrical trades are active.

Coventry.—Motor car manufacturers are actively engaged on production for next season, the motor show having led to many encouraging orders. The pedal cycle trade is steady and the machine-tool trade remains quiet.

Luton.—The motor trade is very busy and business in lorries is good. Hydraulic engineers are dull, and slackness in the building trade has adversely affected the iron foundries.

Sheffield.—Several important firms have contracts on hand that will keep them busy for many months, and the general outlook is certainly brighter than it has been for some time. Conditions in the tool trade have on the whole improved and the seasonal trade in permanent magnets is very active. The export market for several lines, particularly for saws and files, shows a marked improvement.

Wolverhampton.—There is little change, but enquiries are more numerous and prospects seem brighter. The improvement in the motor trade continues.

Glasgow.—The outlook in the marine branch has improved slightly as the result of the naval contracts placed recently with the Clyde shipbuilders and the booking of a few contracts for merchant vessels. Textile engineers also report that work is more plentiful, and there is an increase in business in Beardmore Diesel engines for commercial vehicles.

Metal and Hardware Trades

Sheffield.—Special Christmas orders for cutlery, silver and E.P.N.S. ware are not so good as last year, and most manufacturers are badly placed for orders. Scissors and safety razor blade makers continue fairly busy.

Wolverhampton.—The aluminium hollow-ware and porcelain enamelling trades are fairly well employed and makers of washers and springs report some activity.

Cotton

Liverpool.—There has been little change in values, which remain at around 5½*d.*, and the market, though maintaining a firm undertone, is quiet and featureless. The relapse in sterling caused a momentary upward movement, but seasonal hedging, combined with a crop estimate of 11,947,000 bales, has restored prices to virtually the same level as a month ago. Operators on the "bull" side still hold aloof from participation in a market which is awaiting with interest the trend of

Democrat policy in regard to the relief of American agriculture. Only a fair business has been done in the raw material and the basis for better grades of American shows an easier tendency. Textile activity in Lancashire has suffered from recent events, and American consumption, estimated at 502,000 bales for October, is regarded as disappointing. With world consumption of American cotton running to little more than 12 million bales, and in the prevailing uncertainty regarding the outlook generally, there is a disposition among traders to regard the supply position as being of only minor importance; political developments, and their contribution towards world economic recovery, are deemed to be the main factor in the future trend of prices. A fair increase in the demand for cloth, due chiefly to the depreciated pound, has been evidenced in recent Manchester reports, but Board of Trade export figures of cotton piece-goods for October show a reduction of nearly 5 million square yards compared with October of last year.

Wool

Bradford.—Raw material values keep steady owing to the continued firmness in the primary markets. Combers are well employed, a large proportion of the output being for export. Spinners of hosiery yarn are busy and a fair trade in low quality yarns is being done with the continent.

Huddersfield.—Trade in the woollen section is fairly good.

Hawick.—There is a slightly better feeling again in the Border tweed trade and a few more repeat orders for the winter have come in, but merchants are disinclined to commit themselves for next spring. Hosiery and underwear manufacturers are busy, and some overtime is being worked.

Other Textiles

Dundee.—There has been considerable enquiry in the hessian cloth section of the market, but owing to the unsteadiness in raw jute prices this has not yet been translated into orders. Prospects are probably a little better.

Dunfermline.—The Fifeshire linen trade is easier again, but better business is expected shortly from both America and the Empire. Home demands have kept up well, but are mostly for restricted quantities. The price of flax remains at a level which almost prohibits spinners from purchasing.

Clothing

Leeds.—Orders have been coming in quite well recently, but the mild weather has not been good for the overcoat trade.

Luton.—In the ladies' hat trade the autumn season has been disappointing and though sampling for the spring has started it is too early yet for any large orders to be placed.

Leather and Boots

Northampton.—Trade is slightly better, and enquiries both for leather and shoes have been of a firmer nature, but orders are still only for immediate requirements.

Walsall.—Tanning did well in October, but is now quieter. The fancy leather trade is busy with seasonal orders, and there is still a satisfactory demand for sports goods.

Shipping

Hull.—Enquiry for tonnage is meagre and rates rule easy.

Liverpool.—Except from the River Plate, where a demand for November carriers to load maize resulted in a marked appreciation in values, the charter market has remained dull and featureless. Outward coal freights show a little more activity, but the basis both in this section and also of homeward rates generally, though steady, continues to rule to the disadvantage of owners. The pending cessation of exports from Montreal has not yet shown any " eleventh hour " pressure of enquiry for tonnage, and rates are only fractionally higher. A moderate expansion of business from Australia to China was recorded, but to the U.K. the position, as elsewhere, demonstrates that ample freight space is available.

Newcastle-on-Tyne.—The market is quiet generally, but tonnage is firmly held and rates, if anything, are moving in the owners' favour.

Cardiff.—The freight market is quiet and there is little or no improvement except in the shorter trades.

Newport.—Liner sailings are well maintained, and there has been a marked improvement in the tonnage taken; rates, however, remain stagnant.

East of Scotland.—There were under twenty vessels on loading turn at the Forth coaling ports towards the end of November. The freight market is quiet and easy.

Glasgow.—The scarcity of business in the coal freight market, due to the shortage of coal for shipment, has reduced chartering to small proportions. Rates are nominal.

Foodstuffs

Liverpool.—Wheat has further declined in value, and, though the near position rules at around 5*s.* 2*d.*, March "options" have been quoted as low as 4*s.* 11*d.* At the time of writing, however, the market is steady and the price level regarded as fairly safe. Arrivals continue on a scale well below the normal requirements of the port. The decline in prices is attributable to heavy world supplies—shortly to be augmented by the new crops of Argentina and Australia—and to unconfirmed reports that the Canadian Government is a holder of 120 million bushels of futures. Other than Canadian offerings for early shipment have remained definitely small, and neither the United States nor Russia has yet evinced a desire to compete with the Dominion. As in the case of cotton, American farmers, in withholding supplies, are evidently awaiting the action of Congress in regard to possible schemes of relief. In face of the burden already on international markets, it is interesting to note that the Argentine Ministry of Agriculture has proposed that the vital question of a world reduction of wheat acreage should be debated in co-operation with Canada, Australia and the United States at the forthcoming Economic Conference. Some good sales of Plata have been negotiated, but chiefly through extra-European buyers, with Holland as the main exception. Australian prices, though easier in sympathy with those of her South American competitor, are sustained by a good demand from China, with whom a considerable business has been done. Maize remains quotably unchanged at around 4*s.* 1*d.* The Government restriction of imports of bacon and hams to the extent of 15 to 20 per cent. resulted in a firm market at enhanced prices. Lard was steady with stocks low. The month's trade in butter has been "dragging," with prices tending gradually lower. Import duties and foreign quotas have not inspired confidence in the trade, and buying has been limited. At the close, a better consumptive demand was experienced at lower retail rates. Heavy shipments advised from the Empire should have the effect of keeping values low. Cheese proved a disappointing

market, with rates also lower in sympathy with butter. In the canned goods section, meats were in moderate demand at unchanged prices; fruit stocks were heavy with demand fair.

Fishing

Brixham.—Landings for October were well up to average and prices continued steady. Herring landings proved disappointing, but improved towards the end of the month.

Lowestoft.—The great autumn fishery brought fewer vessels to Great Yarmouth and Lowestoft than a year ago. The November herring catch was exceptionally small, and as movements of the fishing fleet were better regulated, prices showed a definite improvement over last year.

Penzance.—Fishing during October was exceptional for the quantity of turbot landed at Newlyn, prices ranging from 8*d.* to 10*d.* per lb. The herring season is about to start and appears to be rather a late one. On the whole, fishing during 1932 has been much better than in 1931.

Scotland.—Some good catches are reported from the Scottish fishing fleet at Lowestoft and Yarmouth, but prices have been barely steady. Line fishing round the coast has been moderately successful with prices firmer.

Other Industries

Paper-making and Printing.—Edinburgh reports continued dullness in the paper-making industry; most of the mills are only working four or five days a week. Export trade is almost at a standstill and home demands still affected by the depression. Printers report a slight improvement in certain branches, but general conditions are dull.

Pottery.—The temporary demand for good class china has fallen off, but earthenware manufacturers are fairly busy.

Timber.—Hull reports signs of improvement. There is still a good demand for building timbers and floorings with a tendency for prices to rise. The supply of good joinery and moulding boards is light, and holders should make fair profits during the next few months. A little business is being done for 1933 at present prices, but until the Russian position is clearer there will not be much buying. Newport reports a decline in pitwood imports compared with the previous month.

Overseas Reports

Australia

From the National Bank of Australasia Limited

Trade during October was still ahead of the previous year, but the improvement was less marked than in September, this being partly due to the lateness of the spring weather and partly to the weakness in overseas prices for wheat, butter and frozen meat. Seasonal prospects are excellent, except in the pastoral areas of Queensland and certain sections of the other States. Unemployment is diminishing, and the building trade more active. Overseas trade is expanding.

Canada

From the Imperial Bank of Canada

The decline of wheat prices to new low levels has largely arrested the improvement in business which was in evidence during the third quarter of the year. Even so, the harvesting of a crop of about 400,000,000 bales (which is grading high) means fresh employment and additional revenue for the railways and other transport interests, and it is also clear that influences have been at work to direct an increasing proportion of the crop through Canadian ports. Current trade returns show that in face of the high United States tariff, trade is being diverted into British and Empire channels.

India

Bombay.—Mail reports are to the effect that Broach cotton fell during the first fortnight of October owing to the increase of 115,000 bales in the American crop forecast. Subsequently there was an improvement, owing to the depreciation in sterling, to which the rupee is linked. Japanese houses bought well whenever prices fell. The Indian cotton forecast estimates the acreage at 18,466,000 acres, and a decrease of 6 per cent. in the acreage planted this season. The piece-goods market was quiet. Stocks were not large, but dealers were anxious to sell and prices weak.

Calcutta.—Jute prices fell steadily during October and the closing market was dull. Tea sales to the end of October amounted to 574,894 packages, compared with 521,695 packages last year. There was good competition for leaf grades during the month, and other grades hardened towards the end of the

month. In view of the restriction scheme now under consideration, it is hoped that prices will again become firmer.

Rangoon.—Demand for rice has been slow and prices weaker. New crop prospects are good, and a large yield is expected. The timber trade was dull, apart from a limited Indian demand for scantlings. There is no improvement in the hardware trade.

Irish Free State

The trade position has lately been made more serious by the increase of the British duties to 40 per cent. on live animals, dairy produce, poultry and game, and to 30 per cent. on bacon, pork, and other meat products. Trade at the Dublin cattle market and the provincial fairs is now confined almost entirely to meeting home requirements, and prices offered for cattle are the lowest on record, while those for sheep and pigs are very low. Pastures are having to carry much heavier stocks than usual, but conditions are good and keep should suffice until early December.

France

From Lloyds & National Provincial Foreign Bank Limited

Foreign trade figures for the first ten months of 1932 show a decline of about 35 per cent. in comparison with last year. The contraction is most marked in the case of imports, and so the adverse visible trade balance is only Frs.8,329 millions, against Frs.10,580 millions in 1931. The number of registered unemployed was 252,764 on November 5th. This compares with a figure of 255,352 for October 8th. The general economic situation remains unaltered and commodity prices are hesitant.

Bordeaux.—The vintage took place very late. The crop is far below normal and mediocre in quality. Prices are firm. The resin market is quiet with a weaker tendency.

Le Havre.—The coffee market is depressed and unsettled as the result of the uncertainty in Brazil, and the limited demand by French retailers. Many Havre importers hold that the Brazilian restriction scheme has proved a failure, as it has merely encouraged production elsewhere. The cotton market is unsettled, but the general tone is better, with some demand by spinners for immediate or near deliveries.

Lille.—Last month's slight improvement has been succeeded by quieter conditions, with business largely confined to current requirements. Soviet flax prices are easier, but spinners are still holding back, and business in local and Belgian flax is of a less favourable character. American cotton prices are weaker, but Egyptian cotton is firmer. Sales of hemp and jute are poor.

Roubaix.—Turnover in tops and noils during October was fair, but fell below the level of August and September. Combers were moderately well employed at about 60 per cent. of capacity, and stocks in local combing mills were reduced by nearly 1,000,000 kilogrammes during the month. A large weight of tops was exported to Germany, but the possibility of the introduction of a German import quota on tops is causing serious apprehension. There is a good and sustained demand for hosiery yarns, and makers of dress goods have improved their position. Unemployment is a little better.

Marseilles.—Dealings in groundnuts were very active, but prices fell on reports of abundant crops in India and West Africa. There was a steady demand for copra and prices were well maintained. Prices of edible and commercial olive oil declined on the arrival of new crop supplies from Tunis.

Belgium

The market for house coals remains very active, but demand for industrial coal is still slow. The outlook for iron and steel is satisfactory, and it is thought that the greater part of the industry has sufficient orders in hand to provide work for the winter. There is little change in the cement trade.

Germany

Though unemployment remained at 5,100,000 during October, trade improved in certain other respects. Exports rose between September and October from Rm.444 to Rm.482 millions and imports from Rm.360 to Rm.398 millions. Coal production also improved from 242,000 tons for the week ended October 8th to 283,000 tons for the week ended November 5th, while the car-loading returns for these two weeks were 102,800 and 115,200 respectively. Steel production has also increased from 15,100 tons in September to 20,100 tons in October.

Holland

In some respects conditions have improved slightly. Unemployment has declined a little, and at the Port of Amsterdam there has been a reduction in laid-up tonnage and an increase in entries—mainly in the grain and timber trades. More orders are being received by wireless manufacturers. The temporary increase of 30 per cent. in customs duties, reported a month ago, has now been modified so as not to infringe Dutch traditional Free Trade policy, or the spirit of the recent convention with Belgium and Luxemburg. The increase is only to apply to imports of articles not produced in Holland, and so will lose its former protective character. To compensate for the loss of revenue, an extra temporary excise duty of 20 per cent. will be levied on sugar.

Norway

October imports rose from Kr.61·1 to Kr.66·2 millions, compared with September, but exports fell from Kr.48·6 to Kr.45·6 millions. Laid-up tonnage was reduced from 1,311,280 to 1,144,480 tons d.w. during October. Representatives of the Federations of Denmark, Sweden and Norway agreed at a recent Oslo meeting that in the impending commercial negotiations with Great Britain the Scandinavian countries must work for the maintenance of a liberal commercial policy. Negotiations for the sale of this season's whale oil output have been in progress. Old 1930–31 stocks have been nearly disposed of, and no longer overshadow the market.

Sweden

The adverse trade balance has lately become much less pronounced, and as a result Swedish bank claims on foreign banks have risen to Kr.354 millions, or to the highest point for eighteen months. Some export industries are more active. Timber sales for the year to date are 670,000 standards, but business is limited and no 1933 contracts have yet been arranged. Sales of sulphite and mechanical pulp now bear a satisfactory relation to output. Industries working for the home market report a decline in demand.

Denmark

The recent elections leave the majority of the Social Democrats and Radicals unchanged, and so the bill for the

prolongation of the control over imports, which was the occasion for the dissolution of Parliament, is likely to be re-introduced. The Danish Government has acceded to the desire of the British Government to reduce shipments of bacon and hams to England for a period of two months, but has made certain reservations as to the future, on the ground that it takes time to reduce stocks. The Danish quota of British imports has been agreed at 108,000 pigs per week, representing a decrease of 8,000–10,000 pigs per week below the rate of recent shipments. The agricultural organizations are urging producers to carry through a 15 to 20 per cent. reduction as soon as possible.

Switzerland

From Lloyds & National Provincial Foreign Bank Limited

October exports at Frs.68·4 millions were only Frs.4·9 millions better than in September, although October should be one of the best months of the year. The decline in exports since a year ago is attributed to the depreciation of sterling and the British tariff; to the impoverishment of Germany; and to exchange restrictions in Central and South-Eastern Europe. A recent report on Swiss foreign trade points out that the Basle dye works are the chief dye exporters, and that Germany is the best market for aniline dyes. Great Britain is still the best purchaser of Swiss watches. The report calls attention to the decline in American and German orders, but states that Germany's dye requirements are gradually increasing.

Spain

The 1933 Budget provides for expenditure of 4,711 million pesetas against an estimated revenue of 4,715 million pesetas, both figures being approximately 165 million pesetas above those for 1932. Revenue includes the proceeds of an issue of 550 million pesetas 5½ per cent. Treasury Bonds, repayable in two years, and also of a 25 million pesetas Education Loan, and is based on the figures of 1932, to which it is proposed to add a graduated income tax on incomes above 100,000 pesetas. The budget is described by the Finance Minister as one of reconstruction, and notably larger allocations are made to the Ministries of Public Works, Agriculture and Education.

Morocco

New competition for Manchester cotton piece-goods in Morocco has appeared in Japanese plain white pieces of cotton, whereas in the past Japan was only in the market for striped and coloured pieces. Good rains have fallen and a slight improvement in general business has resulted. The new Moroccan Loan of Frs.1,000 millions at 4½ per cent. is on issue at 97 per cent. and is receiving fair support. The proceeds are to be applied to public works in the French zone during the next six years, including irrigation, barrages, bridges, harbour works, railways, and electric plant.

United States

Even now that the Presidential election has ended in an unusually definite result, it is difficult to detect more than the regular seasonal changes in trade activity, and car-loadings have turned downwards since their peak figure of 650,578 cars for the week ended October 15th. In the iron and steel trades, two more furnaces were blown in during October, raising the total number in blast to 49, and the steel trade was working at 19 per cent. of capacity. Unfilled orders increased slightly from 1,985,090 to 1,997,040 tons. Raw cotton ginnings to November 1st were 9,245,534 bales, which shows that harvesting is well forward. Refined sugar production for the first ten months of the year was 3,210,000 tons or a 10 per cent. reduction on last year. Exporters now feel that their loss of Canadian trade consequent upon the Ottawa agreements will be less than they had expected, as their ability to beat their British competitors in prompt service and delivery should more than neutralize the tariff preference on British goods.

Japan

October exports are returned at Y.147 millions against Y.140 millions in September, and imports at Y.98 millions against Y.96 millions in September. Exports of raw silk and cotton piece-goods showed some increase during October. The adverse trade balance for the year to date is Y.66 millions, compared with Y.55 millions for the first ten months of last year. In the commodity markets raw silk is firm, and the rayon trade is so active that manufacturers are now considering an increase in production. The market in cotton yarns is also very strong.

Banking

1. BANK OF ENGLAND

Date.	Issue Department.		Banking Department.				
	Gold.	Notes in circulation.	Reserve and Proportion.		Bankers' Deposits.	Govt. Securities.	Discounts &Advances.
	£ mn.	£ mn.	£ mn.	Per cent.	£ mn.	£ mn.	£ mn.
1931.							
November 25 ...	*120·7*	*354·4*	*42·3*	*33·8*	*69·8*	*56·6*	*12·7*
1932.							
November 2 ...	139·4	361·5	54·0	37·3	102·7	78·8	12·0
November 9 ...	139·4	361·2	54·2	40·4	79·9	68·1	11·8
November 16 ...	139·4	359·4	56·1	41·1	82·5	68·6	11·8
November 23 ...	139·4	357·8	57·6	41·6	78·1	68·6	12·0

2. TEN CLEARING BANKS

Date.	Deposits.	Acceptances.	Cash.*	Call Money.	Bills.	Investments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1931.							
October	*1,724·0*	*111·0*	*223·6*	*114·4*	*237·4*	*303·6*	*909·7*
1932.							
May	1,699·0	99·5	222·0	113·1	246·5	300·2	871·4
June	1,764·4	93·2	239·2	113·4	277·7	339·7	852·2
July	1,803·9	84·5	233·3	123·0	317·4	348·8	836·2
August	1,850·6	78·7	233·5	117·5	374·4	368·5	816·2
September	1,864·9	74·8	228·7	113·7	392·2	383·0	802·7
October	1,893·4	78·9	233·9	116·7	390·5	411·6	795·1

* Includes balances with other banks and cheques in course of collection.

3. LLOYDS BANK, RATIO OF CURRENT ACCOUNT CREDIT BALANCES TO TOTAL DEPOSITS

Year.	Ratio.	Month.	Ratio.			
			1929.	1930.	1931.	1932.
			%	%	%	%
1902	58·2	January	46·8	45·1	45·9	46·5
1914	49·9	February	45·9	44·2	45·1	44·7
1919	60·7	March	45·2	44·5	45·3	44·7
1920	56·7	April	44·9	45·1	45·0	45·2
1921	50·7	May	44·1	44·0	44·8	45·3
1925	49·6	June	44·5	44·4	45·4	45·4
1926	48·6	July	45·4	44·7	45·7	46·0
1927	47·4	August	45·3	44·4	45·7	45·7
1928	46·4	September	45·3	44·7	45·0	45·2
1929	45·2	October	45·6	44·8	45·3	45·2
1930	44·7	November	44·7	44·8	45·3	
1931	45·4	December	45·3	46·0	46·7	

Money, Exchanges and Public Finance

1. LONDON AND NEW YORK MONEY RATES

Date.	London.			New York.		
	Bank Rate.	3 Months discount Rate.	Day-to-day Loans.	Re-discount Rate.	90 Days' eligible Bank acceptances.	Call Money.
1931.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
November 25 ...	*6*	*5¾—6*	*5—5¾*	*3½*	*3*	*2½*
1932.						
November 2 ...	2	11/16—¾	½—1	2½	⅜	1
November 9 ...	2	11/16—¾	½—1	2½	⅜	1
November 16 ...	2	13/16	½—1	2½	⅜	1
November 23 ...	2	15/16—1	½—1	2½	⅜	1

2. FOREIGN EXCHANGES

London on	Par.	1931. Nov. 25.	1932. Nov. 2.	Nov. 9.	Nov. 16.	Nov. 23.
New York ...	$4·866	3·65	3·30⅛	3·29⅝	3·31¾	3·25⅞
Montreal ...	$4·866	4·17	3·64	3·77	3·78	3·76½
Paris	Fr. 124·21	93 3/16	84 1/16	84 1/16	84 21/32	83¾
Berlin	Mk. 20·43	15 7/16	13·92½	13·87½	13·95½	13·70
Amsterdam ...	Fl. 12·11	9·10½	8·21½	8·21	8·26½	8·11
Brussels ...	Bel. 35	26⅛	23·75	23·77½	23·92½	23·52½
Milan	Li. 92·46	71 5/16	64 9/16	64⅜	64 13/16	63 11/16
Berne	Fr. 25·22½	18⅞	17·13½	17·12	17·24½	16·94½
Stockholm ...	Kr. 18·16	18 7/16	19·05	18·87½	18·90	18·72½
Madrid ...	Ptas. 25·22½	43⅜	40 7/16	40 5/16	40 9/16	39 15/16
Vienna ...	Sch. 34·58½	29*	28*	28*	28*	28*
Prague ...	Kr. 164·25	123½	111½	111½	112	110
Buenos Aires...	47·62d.	38	42½†	42½†	42¼†	43¼†
Rio de Janeiro	5·89d.	3 15/16	5½†	5½†	5⅜†	5½†
Valparaiso ...	Pes. 40	30·40	54½†	54½†	54½†	53¾†
Bombay ...	18d.	18 3/32	18 5/32	18 5/32	18 3/16	18 3/16
Hong Kong ...	—d.	16⅜	16½	16½	16¼	16½
Shanghai ...	—d.	21⅜	21⅝	21⅞	21½	21⅝

* Nominal. † Official rate.

3. PUBLIC REVENUE AND EXPENDITURE

Revenue.	To Nov. 19, 1932.	To Nov. 21, 1931.	Expenditure.	To Nov. 19, 1932.	To Nov. 21, 1931.
	£ mn.	£ mn.		£ mn.	£ mn.
Income Tax ...	60·2	67·1	Nat. Debt Service	176·2	193·7
Surtax	12·7	18·2	Northern Ireland Payments...	3·6	3·3
Estate Duties ...	48·1	41·7	Other Cons. Fund Services...	1·6	1·8
Stamps	9·1	8·4	Supply Services	274·6	267·7
Customs	107·5	85·6	Ordinary Expenditure ...	456·0	466·4
Excise	81·1	77·9	Sinking Fund	14·0	21·9
Tax Revenue ...	320·7	300·9	Self-Balancing Expenditure...	43·5	43·2
Non-Tax Revenue	26·4	39·1			
Ordinary Revenue	347·1	340·0			
Self-Balancing Revenue	43·5	43·2			

1. PRODUCTION

Date.	Coal.*	Pig-Iron.	Steel.
1931.	Tons mn.	Tons thou.	Tons thou.
October	*4·4*	*284*	*457*
1932.			
May	4·0	315	417
June	4·0	311	459
July	3·6	293	430
August	3·5	259	362
September	3·7	260	430
October	4·1	276	439

* Average weekly figures for month.

2. IMPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1931.	£ mn.	£ mn.	£ mn.	£ mn.
October	*40·8*	*11·9*	*27·2*	*80·7*
1932.				
May	29·9	13·7	11·6	53·7
June	31·4	13·5	11·8	57·5
July	29·3	10·8	11·4	51·9
August	28·2	11·7	13·1	53·3
September	30·6	11·2	12·1	54·3
October	35·1	11·9	13·5	60·8

3. EXPORTS

Date.	Food.	Raw Materials.	Manufactured Goods.	Total.
1931.	£ mn.	£ mn.	£ mn.	£ mn.
October	*3·4*	*4·3*	*24·0*	*32·3*
1932.				
May	2·6	3·6	23·2	30·2
June	2·3	3·6	22·9	29·7
July	2·3	3·5	22·4	29·3
August	2·6	3·4	21·7	28·6
September	2·5	3·2	19·8	26·2
October	2·9	3·9	22·7	30·4

4. UNEMPLOYMENT

Date.	1926.	1927.	1928.	1929.	1930.	1931.	1932.
End of—	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
January	11·0	12·0	10·7	12·2	12·6	21·5	22·4
February ...	10·4	10·9	10·4	12·2	13·1	21·7	22·0
March	9·8	9·8	9·5	10·1	14·0	21·5	20·8
April	9·1	9·4	9·5	9·9	14·6	20·9	21·4
May	14·3	8·7	9·8	9·9	15·3	20·8	22·1
June	14·6	8·8	10·7	9·8	15·4	21 8	22·3
July	14·4	9·2	11·6	9·9	16·7	22·6	22·9
August	14·0	9·3	11·6	10·1	17·1	22·7	23·1
September ...	13·7	9·3	11·4	10·0	17·6	23·2	22·9
October ...	13·6	9·5	11·8	10·4	18·7	21·9	21·9
November ...	13·5	9·9	12·1	11·0	19·1	21·4	
December ...	11·9	9·8	11·2	11·1	20·2	20·9	

Percentage of Insured Workers.

Prices

1. WHOLESALE PRICES (average for month)

Date.	Index Number (Sept. 16th, 1931 = 100).				
	U.K.	U.S.A.	France.	Italy.	Germany.
1931.					
October	*108·2*	*99·0*	*96·6*	*99·6*	*98·4*
1932.					
May	101·2	88·4	95·5	93·5	89·3
June	97·7	88·3	92·6	90·6	88·4
July	98·7	87·6	91·4	89·0	88·1
August	102·0	89·6	88·8	89·2	87·7
September	106·0	90·9	89·3	91·3	87·4
October	104·0	88·6	89·1	93·0	86·7
November 1st week	103·3	87·3	88·4	92·8	86·4
November 2nd week... ...	103·8	87·4	88·4	92·3	86·3
November 3rd week... ...	104·3	87·6	88·4	92·3	86·5
November 4th week... ...	104·2	87·7	—	92·1	86·2

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Generale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

2. RETAIL PRICES (end of month)

Date.	Food.	Rent (including rates).	Clothing.	Fuel and Light.	Other items included.	All items included.
1931.						
October	*30*	*54*	*90*	*75*	*75*	*46*
1932.						
May	23	54	90	70–75	75	42
June	25	54	85–90	65–70	70–75	43
July	23	54	85–90	65–70	70–75	41
August	23	54	85–90	70	70	41
September ...	25	54	85–90	70–75	70	43
October	25	55	85–90	70–75	70	43

The figures represent the percentage increase above July, 1914, which is equal to 100.

3. COMMODITY PRICES (average for month)

Date.	Wheat, No. 1 N. Manitoba.		Cotton American Middling.	Wool, 64's tops avge.	Pig-Iron, Cleveland No. 3.		Tin, Standard Cash.	Rubber, Plantation Sheet.
1931.	per qr.		per lb.	per lb.	per ton.		per ton.	per lb.
	s.	d.	d.	d.	s.	d.	£	d.
October	*29*	*8*	*4·74*	*24¼*	*58*	*6*	*127 1/16*	*2⅞*
1932.								
May	31	10	4·83	21	58	6	122⅜	1 15/16
June	28	1	4·30	20¼	58	6	114⅝	1¾
July	27	10½	4·69	21¾	58	6	126	1 15/16
August	29	10	5·73	21¾	58	6	142⅛	2 5/16
September ...	29	6	6·24	23¼	58	6	152 13/16	2 11/16
October	28	8	5·60	22⅛	58	6	151⅜	2 7/16

CAUSTON
LONDON

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